A new consumer financial protection regulator was wounded but not crippled by a barrage of special interest lobbying and amendments before final approval of the bill in the House Financial Services committee yesterday, said the nonpartisan Consumer Watchdog.

"Americans want an end to the culture of greed and consumer abuses that led to the financial crisis. This bill is an essential step toward reform, but it was weakened by the financial firms who want to avoid strong oversight," said Carmen Balber with Consumer Watchdog. "We look to Congress to strengthen the bill as it moves forward so consumers are truly protected against abuses and outrageous treatment by lenders and financial institutions."

One major target of the financial industry was states' authority to enact stronger laws when federal rules do not provide consumers with enough protection. Commercial banks, finance and credit card companies spent $42 million lobbying to make their case from January through June, according to data released by Common Cause this week. They won a partial victory: the bill as amended gives the Office of the Comptroller of the Currency (OCC) the ability to preempt some state laws. The OCC is the regulatory agency most responsible for overriding important state protections over the last decade, said Consumer Watchdog.

Amendments to the bill also: Exempt 98% of banks from full oversight by the Consumer Financial Protection Agency (CFPA), do not ensure oversight of private student loans offered by for-profit colleges, and allow abusive practices by auto dealers that arrange car loans to escape oversight completely. The auto dealer exemption was offered by former auto dealer California Rep. John Campbell, who has taken $170,000 in campaign contributions from auto dealers and also collected rent as a landlord from auto dealers who will benefit from the exemption, according to a joint analysis by Public Campaign and Common Cause.

"Consumer champions fought off efforts to defang the agency, but have a long fight ahead to ensure the new CFPA has all the authority it needs to set rules, make sure companies follow them, and crack the whip when they don't," said Balber.

One industry that sought but lost an exemption from CFPA oversight were companies that collect consumer financial data that is used to change the terms, and cost, of consumer credit. The Big Three consumer credit reporting agencies, Experian, EquiFax and TransUnion, gave $1.65 million in campaign contributions to members of Congress since the 2002 election cycle, according to a Consumer Watchdog analysis of data obtained from the Center for Responsive Politics. Rep. Barney Frank, Chairman of the House Financial Services Committee, received $40,000 from the three companies. Frank offered an amendment to repair an early change he made to the bill that would have exempted the companies from CFPA oversight.

The bill does not contain several proposals originally in the President's bill that are needed to increase understanding and availability of financial products for consumers. These lost provisions include: a requirement that banks offer standard products to all credit-worthy consumers, like 30-year fixed rate mortgages or basic, low-fee checking accounts; and, a transfer of enforcement authority over the Community Reinvestment Act from current banking regulators, where it has been neglected and weakened, to the CFPA. Consumer Watchdog will urge Members of Congress to reinstate those provisions.